

Senate Bill No. 380

CHAPTER 350

An act to amend Sections 1749.3 and 1857.9 of the Insurance Code, relating to insurance.

[Approved by Governor August 25, 1997. Filed with
Secretary of State August 26, 1997.]

LEGISLATIVE COUNSEL'S DIGEST

SB 380, Peace. Insurance.

Existing law imposes continuing education requirements on insurance agents and brokers.

This bill would exempt a licensee from that requirement if he or she submits proof satisfactory to the commissioner that he or she has been a licensee in good standing for 30 continuous years in this state and is 70 years of age or older.

Existing law requires certain insurers to annually report specified information to the Insurance Commissioner on a calendar year basis. Under existing law, the required information includes the number of policies written, the direct premiums written, the direct premiums earned, the direct losses paid, the direct losses incurred, the direct losses unpaid, the number of outstanding claims at yearend, the number of claims paid in the preceding year, the allocated loss adjustment expense, and the percentage of allocated loss adjustment expense attributable to defense attorney expenses.

This bill, instead of requiring the report to include the information specified above, would require the report to include information specified by the commissioner that is collected by a licensed advisory organization. The bill would delete the requirement that the report be on a calendar year basis.

This bill would provide that an insurer may fulfill its obligation to file or submit the experience, data, statistics, or other information listed in or designated under the above provisions by reporting its records to a licensed advisory organization that maintains the insurer's records and those of other insurers, makes the insurer's records available for examination and inspection by the commissioner or reports the records of an insurer to the department upon a specific request of the commissioner, and reports the aggregate records of insurers to the department according to reasonable schedules approved by the commissioner. It would provide that the reports of aggregate records shall not disclose the information of any individual insured, insurer, or insurer group.

The people of the State of California do enact as follows:

SECTION 1. Section 1749.3 of the Insurance Code is amended to read:

1749.3. An individual licensed as either a life agent or a fire and casualty broker-agent, but not as both, shall complete those courses, programs of instruction, or seminars approved by the commissioner for the type of license held. The minimum number of hours required is as follows:

(a) During each of the first four 12-month periods following the date of original issue, a minimum of 25 hours.

(b) Any licensee who has held a license prior to the effective date of this section, or who has complied with subdivision (a), shall satisfactorily complete 30 hours of instruction prior to renewal of the license. These hours of instruction may be completed at any time prior to renewal of the license.

(c) Notwithstanding subdivision (b), those licensees whose licenses expire in 1993 shall be required to satisfactorily complete 15 hours of continuing education prior to the 1993 license renewal.

(d) An individual whose license expires in 1992 shall not be required to show compliance with the requirements of subdivisions (a) and (b) until the next license renewal date.

(e) An individual licensed as both a fire and casualty broker-agent and as a life agent shall satisfy the requirements of this section by demonstrating completion of the courses, programs of instruction, or seminars approved by the commissioner for either license.

(f) Nothing in this section shall preclude an individual from taking courses, programs of instruction, or seminars approved by the commissioner and accumulating credits for completion thereof prior to the application of this section to the individual's license.

(g) A licensee who is employed by a licensed automobile dealer to offer only collision coverage, involuntary unemployment insurance, or credit life and disability insurance products shall not be required to meet the requirements of this section until the license renewal date next following December 31, 1993.

(h) Any life agent who wishes to sell 24-hour care coverage, as defined in Section 1749.02, shall complete a course, program of instruction, or seminar of an approved continuing education provider on workers' compensation and general principles of employer liability, which shall be completed by examination approved by the commissioner as part of the continuing education course, program of instruction, or seminar prior to selling this coverage. The required number of instruction hours shall be equal to but no greater than that required by the curriculum board for the prelicensing requirements of a fire and casualty broker-agent on these subjects. This requirement shall be part of, and not in addition to, the continuing education requirement of this section. The

department shall complete this curriculum approval within 60 days of the effective date of the amendments to this section made at the 1994 portion of the 1993–94 Regular Session and shall approve any examinations within 20 days of receipt. If the department does not complete the curriculum and examination approval by the date required by this section, life agents may sell 24-hour care coverage, as defined in Section 1626, commencing on that date. However, once the department approves the curriculum and examination, life agents shall complete them within 90 days of their approval in order to continue selling 24-hour care coverage, as defined in Section 1749.02. Nothing in this section shall be deemed to allow a life agent to satisfy the obligations set forth in this section by other than a proctored examination administered or approved by the department.

(i) A licensee shall not be required to comply with the requirements of this article if the licensee submits proof satisfactory to the commissioner that he or she has been a licensee in good standing for 30 continuous years in this state and is 70 years of age or older.

SEC. 2. Section 1857.9 of the Insurance Code is amended to read:

1857.9. (a) An insurer doing business in this state, except as provided by subdivision (f), shall report the information specified by the commissioner that is collected by a licensed advisory organization on an annual basis for each class of insurance designated in the prior calendar year by the commissioner pursuant to subdivision (b) for policies issued or issued for delivery in California. The commissioner shall waive the requirements of this subdivision for any information that has been provided to the Insurance Services Office by the insurer, if the Insurance Services Office provides the information to the commissioner on or before the date on which the insurer is required to file the statement.

(b) No later than October 1 of each year the commissioner shall designate those classes of insurance, as defined by the Insurance Services Office, that are generally unavailable or unaffordable in California, or for which there have been unusually great premium increases, or in the case of any class of liability insurance, for which reinsurance is generally unavailable or unaffordable in the state or for which there have been unusually great reinsurance premium increases. The factors the commissioner shall consider in making this determination shall include, but are not limited to, the following:

- (1) Consumer complaints.
- (2) Rate complaints.
- (3) Surveillance by the department.
- (4) Market conduct.

(c) Insurers shall not be required to report under this section information required to be reported under Sections 1857.7, 1864, 11555.2, and 12963.



(d) The department shall retain the information reported pursuant to this section for a period of no less than three years.

(e) Insurers that are members of the same insurance group may aggregate the information required by this section in a single report.

(f) The reports required by this section shall not be applicable to any insurer that has been established for less than three years or can demonstrate upon application to the commissioner that its market share is less than 1 percent of the coverage for which the commissioner seeks information. However, the commissioner may deny the exemption application if he or she reasonably determines (1) that the aggregate data, when reported, is less than 60 percent of the written premium volume for the class, or (2) that unless the insurer reported its data, the aggregate data reported would not be statistically credible or reasonably complete and informative. An insurer that has been exempted by the commissioner from reporting shall, upon request of the commissioner, report the information required by subdivision (a) to cover the three most recent calendar years, in accordance with subdivision (g). In no event shall any insurer that has reported data for a calendar year pursuant to this section be required to report that same data in a subsequent year.

(g) The reports required by this section shall be filed on a form provided by the commissioner no later than May 1 of the calendar year following the year for which the information is reported.

(h) The department shall adopt regulations implementing this section as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code, except that for the purposes of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code, any regulations adopted under this section shall be deemed to be necessary for the immediate preservation of the public peace, health and safety, or general welfare. These regulations shall remain in effect for 180 days. The regulations may require insurers to report the information required by subdivision (d) by categories other than those used by the Insurance Services Office.

(i) The information provided pursuant to subdivision (a) shall be confidential and not revealed by the department, except that the commissioner may publish an analysis of the data in aggregate form or in a manner which does not disclose confidential information about identified insurers or insureds.

(j) An insurer may fulfill its obligation to file or submit the experience, data, statistics, or other information listed in or designated under the terms of this section by reporting its records in the manner provided by Section 1857 to a licensed advisory organization that maintains the insurer's records and those of other insurers, makes the insurer's records available for examination and inspection by the commissioner or reports the records of an insurer to the department upon a specific request of the commissioner, and



reports the aggregate records of insurers to the department according to reasonable schedules approved by the commissioner. The reports of aggregate records shall not disclose the information of any individual insured, insurer, or insurer group.

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